

HALCON RESOURCES CORP  
Form DEF 14A  
April 09, 2013

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Halcón Resources Corporation**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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      - (2) Form, Schedule or Registration Statement No.:
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## **Halcón Resources Corporation**

**1000 Louisiana St., Suite 6700  
Houston, Texas 77002  
Telephone (832) 538-0300**

### **Annual meeting of stockholders to be held on May 23, 2013**

April 9, 2013

Dear Stockholder:

You are cordially invited to attend Halcón Resources Corporation's 2013 annual meeting of stockholders on Thursday, May 23, 2013, at 10:00 a.m., Central Daylight Time, to be held at the Wells Fargo Plaza Auditorium, 1000 Louisiana St., Houston, Texas 77002.

The attached notice of annual meeting and the proxy statement describe the matters to be acted upon during the annual meeting. In addition, there will be a report on the state of Halcón's business and an opportunity for you to ask questions of Halcón's management.

We are also providing access to our proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice of internet availability of proxy materials instead of a paper copy of this proxy statement, a proxy card and our 2012 annual report. The notice contains instructions on how to access those documents over the Internet, as well as instructions on how to request a paper copy of our proxy materials. All stockholders who do not receive a notice of internet availability should receive a paper copy of the proxy materials by mail.

You may vote your shares by Internet or by telephone using the instructions on the notice of internet availability of proxy materials, or, if you received a paper copy of the proxy card, by completing, signing, dating and returning the proxy card, or by voting your shares in person at the meeting. The notice and the proxy card describe your voting options in more detail. If you need assistance, please contact Scott Zuehlke, Vice President, Investor Relations, at (832) 538-0314. Our annual report on Form 10-K for the fiscal year ended December 31, 2012 is available on the Internet and accompanies the proxy materials delivered by mail.

The annual meeting gives us an opportunity to review Halcón's results and discuss the steps Halcón has taken to position itself for the future. We appreciate your ownership of Halcón common stock, and I hope you will be able to join us at the annual meeting.

Sincerely,

Floyd C. Wilson  
*Chairman of the Board of Directors  
and Chief Executive Officer*



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**Halcón Resources Corporation**

**1000 Louisiana St., Suite 6700  
Houston, Texas 77002  
Telephone (832) 538-0300**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 23, 2013**

Notice is hereby given that the annual meeting of stockholders of Halcón Resources Corporation will be held on Thursday, May 23, 2013 at 10:00 a.m., Central Daylight Time, at the Wells Fargo Plaza Auditorium, 1000 Louisiana St., Houston, Texas 77002, for the following purposes:

1. To elect four directors to our board of directors to serve as Class C directors to serve until the 2016 meeting of stockholders in accordance with our bylaws;
2. To ratify and approve an amendment to our 2012 Long-Term Incentive Plan to increase the number of shares of Halcón common stock that may be issued under the Plan by 30.0 million shares;
3. To approve, in a non-binding advisory vote, the compensation of our named executive officers;
4. To determine, in a non-binding advisory vote, whether a stockholder vote to approve the compensation of our named executive officers should occur every one, two or three years;
5. To approve an amendment to our certificate of incorporation to provide that, with certain exceptions, the Court of Chancery of the State of Delaware be the exclusive forum for certain legal actions;
6. To ratify the appointment of Deloitte & Touche LLP, an independent registered public accounting firm, as our independent registered public accountant for the fiscal year ending December 31, 2013; and
7. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The board of directors has approved the close of business on March 28, 2013, as the record date for determining the stockholders of Halcón entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote at, the meeting. A complete list of our stockholders entitled to vote at the meeting will be available for examination at our offices in Houston, Texas during ordinary business hours for a period of ten (10) days prior to the annual meeting.

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**All stockholders are cordially invited to attend the meeting. You may vote your shares by Internet or by telephone using the instructions on the notice of internet availability of proxy materials, or, if you received a paper copy of the proxy card, by completing, signing, dating and returning the proxy card, or by voting your shares in person at the meeting. If you attend the meeting, and if you so choose, you may withdraw your proxy and vote in person.** If your shares are held in "street name" by your broker or other nominee, only that holder can vote your shares and the vote cannot be cast for any proposal, except for the ratification of our independent registered public accounting firm, unless

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you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Please review the proxy statement accompanying this notice for more complete information regarding the matters to be voted on at the meeting. You may revoke your proxy at any time before it is voted.

By order of the Board of Directors of  
Halcón Resources Corporation:

Floyd C. Wilson  
*Chairman of the Board of Directors and Chief Executive Officer*

April 9, 2013

### **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 23, 2013**

Halcón's Proxy Statement for the 2013 Annual Meeting of Stockholders and the Company's Annual Report on Form 10-K for the year ended December 31, 2012 are available at <http://investors.halconresources.com/proxy.cfm>.

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**Halcón Resources Corporation**

**1000 Louisiana St., Suite 6700  
Houston, Texas 77002  
Telephone (832) 538-0300**

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 23, 2013**

**GENERAL INFORMATION**

These proxy materials are furnished to you in connection with the solicitation of proxies by the board of directors of Halcón Resources Corporation, a Delaware corporation (referred to in this proxy statement as Halcón, the Company, we, us, or our), for the annual meeting of our stockholders to be held on Thursday, May 23, 2013 at 10:00 a.m., Central Daylight Time, at the Wells Fargo Plaza Auditorium, 1000 Louisiana St., Houston, Texas 77002. The proxies also may be voted at any adjournments or postponements of the annual meeting.

***Electronic Availability of Proxy Statement and Annual Report***

As permitted under the rules of the Securities and Exchange Commission, or the SEC, Halcón is making this proxy statement and its annual report on Form 10-K for the year ended December 31, 2012 available to its stockholders electronically via the Internet. On or about April 12, 2013, Halcón is sending a notice of internet availability of proxy materials to its stockholders of record as of the close of business on March 28, 2013, which notice will include (i) instructions on how to access Halcón's proxy materials electronically, (ii) the date, time and location of the annual meeting, (iii) a description of the matters intended to be acted upon at the annual meeting, (iv) a list of the materials being made available electronically, (v) instructions on how a stockholder can request to receive paper or e-mail copies of Halcón's proxy materials, (vi) any control/identification numbers that a stockholder needs to access his or her proxy card and instructions on how to access the proxy card, and (vii) information about attending the annual meeting and voting in person.

***Voting and Revocation of Proxies***

If you provide specific voting instructions, your shares will be voted as you instruct. Whether you hold shares directly as a stockholder of record, or beneficially in street name, you may direct how your shares are voted at the annual meeting. If you are a stockholder of record, you may vote by submitting a proxy or by voting in person at the annual meeting, and if you hold your shares in street name, you may vote by submitting voting instructions to your broker or trustee or nominee. You may cast your vote by proxy as follows:

By Internet you may vote using the Internet at [www.proxyvote.com](http://www.proxyvote.com). Simply follow the instructions on the Notice, or if you received proxy materials by mail, the proxy card.



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By telephone you may vote by calling 1-800-690-6903 and follow the voice prompts; or

By mailing the proxy card you may vote by completing, signing, dating and mailing the enclosed proxy card in the enclosed pre-addressed postage-paid envelope.

Unless you otherwise direct in your proxy, the individuals named in the proxy card will vote the shares represented by such proxy in accordance with the recommendations of our board unless otherwise indicated. If you hold your shares in street name, please refer to the proxy card forwarded by your bank, broker, or other nominee to see which voting options are available to you and for directions on how to vote. If you vote by Internet or by telephone, you need not return your proxy card. Proxies granted by telephone or over the Internet, in accordance with the procedures set forth on the proxy card, will be valid under Delaware law.

If you sign the proxy card of your broker, trustee or other nominee but do not provide voting instructions, your shares will not be voted unless your broker, trustee or other nominee has discretionary authority to vote. When a broker, trustee, or other nominee holding shares for a beneficial owner is unable to vote on a particular proposal because the broker does not have discretionary authority to vote in the absence of timely instructions from the beneficial owner, this is referred to as a "broker non-vote." The New York Stock Exchange, or NYSE, permits brokers to vote the uninstructed shares of a beneficial owner in the ratification of Deloitte & Touche LLP, or Deloitte, as our independent registered public accountant. **NYSE rules provide that brokers do not have discretionary voting authority with respect to the election of directors, executive compensation matters or material revisions to the terms of an existing equity compensation plan. Out of the six proposals that will be brought to a vote at our annual meeting, brokers will have discretionary voting authority only with respect to the ratification of the appointment of our independent registered public accountant. It is therefore very important that you indicate on the proxy card of your broker how you want your shares to be voted in the election of the four director nominees named in this proxy statement and each of the other proposals to be voted upon at our annual meeting.**

The board of directors is not aware of any business to be brought before the annual meeting other than as indicated in the notice of annual meeting of stockholders. If any other matter does come before the meeting, the persons named in the proxy card will vote the shares represented by the proxy in his or her best judgment.

**Revocation of Proxy.** A proxy may be revoked by a stockholder at any time prior to it being voted by:

delivering a revised proxy (by one of the methods described above) bearing a later date;

voting in person at the annual meeting; or

notifying our Corporate Secretary of the revocation in writing at our address set forth above in time to be received before the annual meeting.

Attendance at the meeting alone will not effectively revoke a previously executed and delivered proxy. If a proxy is properly executed and is not revoked by the stockholder, the shares it represents will be voted at the meeting in accordance with the instructions from the stockholder. If the proxy card is signed and returned without specifying choices, the shares will be voted in accordance with the recommendations of our board of directors.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

**Record Date and Vote Required for Approval.** The record date with respect to this solicitation is March 28, 2013. All holders of record of our common stock as of the close of business on March 28, 2013 are entitled to vote at the annual meeting and any adjournment or postponement thereof for

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which a new record date has not been established. As of March 28, 2013, we had 369,754,373 shares of common stock outstanding. Each share of common stock is entitled to one vote. Our stockholders do not have cumulative voting rights. In accordance with our bylaws, the holders of a majority of the outstanding shares of our common stock entitled to vote, represented in person or by proxy, shall constitute a quorum at the annual meeting. If a quorum is not present at the annual meeting, a vote for adjournment will be taken among the stockholders present or represented by proxy. If a majority of the stockholders present or represented by proxy vote for adjournment, it is our intention to adjourn the meeting until a later date and to vote proxies received at such adjourned meeting. The place and date to which the annual meeting would be adjourned would be announced at the meeting, but would in no event be expected to be more than 30 days after the date of the annual meeting.

Assuming that a quorum is present, the affirmative vote of a plurality of the votes cast is required for the election of directors at the annual meeting. This means that the director nominees receiving the most affirmative votes are elected for the available board positions. Any shares not voted (whether by withholding the vote, broker non-vote or otherwise) have no impact in the election of directors, except to the extent that the failure to vote for an individual results in another candidate receiving a larger number of votes.

The compensation of our named executive officers will be approved on an advisory basis if the proposal receives the affirmative vote of a majority of the shares present or represented and entitled to vote on such matter either in person or by proxy. The vote regarding frequency of a stockholder advisory vote on executive compensation will be determined on an advisory basis by whichever of the choices annually, every other year or every three years receives the greatest number of votes cast.

The vote to approve an amendment to our certificate of incorporation to provide that, with certain exceptions, the Court of Chancery of the State of Delaware be the exclusive forum for certain legal actions will require the affirmative vote of holders of a majority of the outstanding shares of our common stock. Abstentions and broker non-votes will have the same effect as a vote "against" this proposal.

Approval of the proposed amendment to our 2012 Long-Term Incentive Plan requires the affirmative vote of the majority of votes cast for such proposal, provided that the total votes cast represent a majority of all shares entitled to vote. An affirmative vote of the majority of votes cast for such proposal will be achieved if votes "for" represent a majority of the aggregate number of votes "for," "against" and "abstain." Total votes cast will represent a majority of all shares entitled to vote if the aggregate number of votes "for," "against" and "abstain" represent a majority of our outstanding shares of common stock.

Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountant requires the affirmative vote of a majority of the shares of common stock present in person or represented by proxy at the meeting and entitled to vote on this matter.

**Proxy Solicitation.** We will bear all costs relating to the solicitation of proxies. We have retained Georgeson Inc. to aid in the solicitation of proxies, at an estimated cost of \$10,000 plus reimbursement of out-of-pocket expenses, custodial charges in connection with payment by Georgeson of charges of brokers and banks on our behalf, and additional charges which may be incurred in connection with the solicitation of proxies by telephone. Proxies may also be solicited by officers, directors and employees personally, by mail, or by telephone, facsimile transmission or other electronic means. On request, we will pay brokers and other persons holding shares of stock in their names or in those of their nominees, which in each case are beneficially owned by others, for their reasonable expenses in sending soliciting material to, and seeking instructions from, their principals.

**Submission of Stockholder Proposals.** The deadline for submitting stockholder proposals for inclusion in our 2014 proxy statement and form of proxy for our annual meeting in 2014 is

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December 11, 2013. See "Submission of Stockholder Proposals for Our 2014 Annual Meeting of Stockholders" below for additional information.

**We will provide to any stockholder, without charge and upon written request, a copy (without exhibits, unless otherwise requested) of our annual report on Form 10-K as filed with the SEC for our fiscal year ended December 31, 2012. Any such request should be directed to Scott Zuehlke, Vice President, Investor Relations at 1000 Louisiana St., Suite 6700, Houston, Texas 77002, telephone number: (832) 538-0314. The annual report to the stockholders on Form 10-K for the fiscal year ended December 31, 2012 accompanying this proxy statement is not part of the proxy solicitation materials.**

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**OUR BOARD OF DIRECTORS AND ITS COMMITTEES**

*The Board of Directors*

Our business and affairs are managed under the direction of our board of directors. Our bylaws specify that we shall not have less than one nor more than fifteen directors, and our board currently has twelve members. Under our bylaws, each director holds office until the annual stockholders' meeting at which such director's class stands for re-election and until the director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Our certificate of incorporation provides that our board of directors is classified into three classes: Class A, Class B and Class C, each class having a three-year term of office.

On February 8, 2012, HALRES LLC (formerly Halcón Resources, LLC), a newly-formed limited liability company led by Floyd C. Wilson, recapitalized us with a \$550.0 million investment structured as the purchase of \$275.0 million in new common stock, a \$275.0 million five-year 8.0% convertible note and warrants for the purchase of an additional 36.7 million shares of our common stock at an exercise price of \$4.50 per share. We refer to this recapitalization transaction as the "HALRES Transaction." As described below, several of our current board members as well as our Chief Executive Officer and Chief Financial Officer were appointed in connection with the HALRES Transaction.

In connection with the closing of the HALRES Transaction, John M. Reardon, Sean P. Lane, Gerald R. Marshall and Larry E. Lee resigned from our board of directors and Floyd C. Wilson, Tucker S. Bridwell, James W. Christmas, Thomas R. Fuller, James L. Irish III, E. Murphy Markham IV, David B. Miller, Daniel A. Rioux, Stephen P. Smiley and Mark A. Welsh IV, were appointed as directors. In August 2012, Mr. Vlastic was appointed to our board of directors. In December 2012, Mr. Markham resigned from our board of directors and Kevin E. Godwin and David S. Hunt were appointed to our board of directors.

Also in connection with the closing of the HALRES Transaction, Larry E. Lee, G. Les Austin, Larry G. Rampey and Drake N. Smiley each resigned as executive officers of the Company and our newly appointed board of directors appointed Floyd C. Wilson as Chief Executive Officer and President and Mark J. Mize as Executive Vice President, Chief Financial Officer and Treasurer. In the months that followed, our board of directors appointed several additional executive officers, including Stephen W. Herod as our new President, and other members of senior management.

As discussed more fully below under "Proposal 1 Election of Directors," four of our current directors, Floyd C. Wilson, James L. Irish III, Daniel A. Rioux and Stephen P. Smiley have been nominated for re-election at our 2013 annual meeting because of the expiration of the term of their class, Class C, on our classified board of directors.

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The following table sets forth the names and ages of all current directors, the positions and offices with us held by such persons, the years in which their current terms as directors expire and the length of their continuous service as a director:

Name	Director Since	Age	Position	Expiration of Term
Floyd C. Wilson	Feb. 2012	66	Chairman of the Board and Chief Executive Officer	2013
Tucker S. Bridwell	Feb. 2012	61	Director	2015
James W. Christmas	Feb. 2012	65	Director	2014
Thomas R. Fuller	Feb. 2012	65	Director	2014
Kevin E. Godwin	Dec. 2012	46	Director	2015
David S. Hunt	Dec. 2012	50	Director	2015
James L. Irish III	Feb. 2012	68	Lead Director	2013
David B. Miller.	Feb. 2012	63	Director	2014
Daniel A. Rioux	Feb. 2012	44	Director	2013
Stephen P. Smiley	Feb. 2012	64	Director	2013
Michael A. Vlastic	Aug. 2012	52	Director	2015
Mark A. Welsh IV	Feb. 2012	33	Director	2014

**Floyd C. Wilson** became our Chairman and Chief Executive Officer in February 2012 as a result of the HALRES Transaction. Prior to February 2012, he was President of HALRES LLC, an oil and natural gas company that he founded in October 2011. Mr. Wilson served as Chairman of the Board and Chief Executive Officer of Petrohawk Energy Corporation from May 25, 2004 until BHP Billiton acquired Petrohawk for \$15.1 billion, including assumed debt, in August 2011. Mr. Wilson also served as President of Petrohawk from May 25, 2004 until September 8, 2009. Prior to May 25, 2004, he was President and Chief Executive Officer of PHAWK, LLC which he founded in June 2003. Mr. Wilson was the Chairman and Chief Executive Officer of 3TEC Energy Corporation from August 1999 until its merger with Plains Exploration & Production Company in June 2003. Mr. Wilson founded W/E Energy Company L.L.C., formerly known as 3TEC Energy Company L.L.C. in 1998 and served as its President until August 1999. Mr. Wilson began his career in the energy business in Houston, Texas in 1970 as a completion engineer. He moved to Wichita, Kansas in 1976 to start an oil and gas operating company, one of several private energy ventures which preceded the formation of Hugoton Energy Corporation in 1987, where he served as Chairman, President and Chief Executive Officer. In 1994, Hugoton completed an initial public offering and was merged into Chesapeake Energy Corporation in 1998.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Wilson's contributions to the board, determined that his role as the Company's Chief Executive Officer, his experience in the energy industry and his many years of service as a director and chief executive officer of oil and natural gas exploration and production companies provide significant contributions to the Company's board of directors.

**Tucker S. Bridwell** became a director in February 2012 as a result of the HALRES Transaction. Mr. Bridwell served as a director of Petrohawk Energy Corporation from May 2004 until December 2010. Mr. Bridwell has been the President of Mansefeldt Investment Corporation and the Dian Graves Owen Foundation since September 1997 and manages investments in both entities. He has been in the energy business in various capacities for over 27 years, focusing on oil and gas private equity and public oil and gas investments with extensive experience in managing both public and private energy companies. Mr. Bridwell is a Certified Public Accountant and has practiced public accountancy, specializing in oil and gas. He earned a Bachelor of Business Administration degree and a Master of Business Administration degree from Southern Methodist University. He has also served on the audit committees of numerous businesses, including Petrohawk and non-profit organizations. Currently, he serves on the board of directors of Concho Resources, Inc. and First Financial Bankshares, Inc. He is

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also Lead Director and Chairman of the Nominating and Corporate Governance Committee of First Financial Bankshares, Inc. Mr. Bridwell previously served as Chairman of First Permian, LLC from 2000 until its sale to Energen Corporation in April 2002.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Bridwell's contributions to the board, determined that his experience in accounting, investing and management provide significant contributions to the Company's board of directors.

**James W. Christmas** became a director in February 2012 as a result of the HALRES Transaction. Mr. Christmas began serving as a director of Petrohawk Energy Corporation on July 12, 2006, effective upon the merger of KCS Energy, Inc. ("KCS") into Petrohawk. He continued to serve as a director, and as Vice Chairman of the Board of Directors, for Petrohawk until BHP Billiton acquired all of Petrohawk in August 2011. He also served on the Audit Committee and the Nominating and Corporate Governance Committee. Currently, Mr. Christmas serves as a member of the Board of Directors of Petrohawk, a wholly-owned subsidiary of BHP Billiton, and as chair of the Financial Reporting Committee of such board. He also serves on the Advisory Board of the Tobin School of Business of St. John's University and as a Senior Financial Advisor to a private oil and gas company. He served as President and Chief Executive Officer of KCS from 1988 until April 2003 and Chairman of the Board and Chief Executive Officer of KCS until its merger into Petrohawk. Mr. Christmas was a Certified Public Accountant in New York and was with Arthur Andersen & Co. from 1970 until 1978 before leaving to join National Utilities & Industries ("NUI"), a diversified energy company, as Vice President and Controller. He remained with NUI until 1988, when NUI spun out its unregulated activities that ultimately became part of KCS. As an auditor and audit manager, controller and in his role as CEO of KCS, Mr. Christmas was directly or indirectly responsible for financial reporting and compliance with SEC regulations, and as such has extensive experience in reviewing and evaluating financial reports, as well as in evaluating executive and board performance and in recruiting directors.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Christmas's contributions to the board, determined that his prior experience as an executive and director and his past audit, accounting and financial reporting experience provide significant contributions to the Company's board of directors.

**Thomas R. Fuller** became a director in February 2012 as a result of the HALRES Transaction. Mr. Fuller served as a director at Petrohawk Energy Corporation from March 6, 2006 until BHP Billiton acquired Petrohawk in August 2011. Mr. Fuller served on Petrohawk's Reserves Committee and was the Chairman of the Nominating and Corporate Governance Committee. Since December 1988, Mr. Fuller has been a principal of Diverse Energy Management Co. (or related "Diverse" companies), a private upstream acquisition, drilling and production company which also invests in other energy-related companies. Mr. Fuller has earned degrees from the University of Wyoming and the Louisiana State University School of Banking of the South and is a Registered Professional Engineer in Texas. He has 43 years of experience as a petroleum engineer, specializing in economic and reserves evaluation. He has served as an employee, officer, partner or director of various companies, including ExxonMobil, First City National Bank, Hillin Oil Co., Diverse Energy Management Co. and Rimco Royalty Partners. Mr. Fuller also has extensive experience in energy-related merger and acquisition transactions, having generated and closed over 90 producing property acquisitions during his career. As a primary lending officer to many independent energy companies, Mr. Fuller has extensive experience in analyzing and evaluating financial, business and operational strategies for energy companies.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Fuller's contributions to the board, determined that his petroleum engineering and energy-related acquisitions and analytical experience provide significant contributions to the Company's board of directors.

**Kevin E. Godwin** became a director in December 2012 in connection with the closing of the private placement of common stock to Canada Pension Plan Investment Board. Mr. Godwin currently



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serves as a Senior Portfolio Manager of Canada Pension Plan Investment Board in its Relationship Investments group, a position he has held since 2008. From 2005 to 2008, Mr. Godwin served as a Principal of Birch Hill Equity Partners L.P. From 1995 to 2005, he worked at TD Securities then TD Capital Group Limited, ultimately serving as Vice President and Director. Mr. Godwin began his professional career in 1989 with ICI Explosives then Stuart Energy serving as a Project Engineer. Mr. Godwin is a graduate of Queen's University (Kingston, Ontario), having received a Bachelor's Degree in Applied Science (Mechanical Engineering) in 1989. He also received a Masters Degree in Business Administration in 1995 from the Richard Ivey School of Business, University of Western Ontario. In 2012, Mr. Godwin received the ICD.D designation from the Institute of Corporate Directors. Mr. Godwin has served on the board of directors of several private companies.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Godwin's contributions to the board, determined that his background in finance and investment provide significant contributions to the Company's board of directors.

**David S. Hunt** became a director in December 2012 in connection with the closing of the acquisition of the Williston Basin Assets. Mr. Hunt is the founder and Managing Partner of Genesis Acquisition Partners, L.P., an independent oil and gas acquisition, development and production company headquartered in Dallas, Texas, since 1995. He has been an active investor in the oil and gas exploration, oil service and midstream sectors for more than 25 years. Mr. Hunt has made numerous equity and debt investments in companies ranging from private start-ups to later stage public companies across a number of different industries. Mr. Hunt was a director of Cornerstone Natural Gas, Inc. (AMEX: CGA) from November 1993, when the company emerged from bankruptcy reorganization, until June 1996 when Cornerstone was sold to El Paso Natural Gas Company. Mr. Hunt graduated from the University of Texas with a BA in Business in 1985.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Hunt's contributions to the board, determined that his investment experience in the oil and gas exploration, oil service and midstream sectors, as well as his familiarity with the Company's properties in the Williston Basin provide significant contributions to the Company's board of directors.

**James L. Irish III** became a director in February 2012 as a result of the HALRES Transaction. Mr. Irish served as a director of Petrohawk Energy Corporation from May 25, 2004 until BHP Billiton acquired Petrohawk in August 2011. Mr. Irish served as Petrohawk's Chairman of the Audit Committee and as its Lead Director (Petrohawk's lead independent director). Mr. Irish served as a director of 3TEC Energy Corporation from 2002 until June 2003, and has served as an advisory director of EnCap Investments L.P. since October 2007. For over 30 years, until his retirement in December 2001, Mr. Irish practiced law with Thompson & Knight LLP, a Texas-based law firm that represents multinational and independent oil and gas companies, host government oil and gas companies, large utilities, private power plants, energy industry service companies, refineries, petrochemical companies, financial institutions, and multinational drilling contractors and construction companies. Mr. Irish's practice specialized in the area of energy finance and focused on the representation of insurance companies, pension plan managers, foundations and other financial institutions with respect to their equity and debt oil and gas investments and their related legal, regulatory and structural issues. Mr. Irish has also represented energy companies in connection with project financings, joint ventures, master limited partnerships and similar matters and has represented banks and other financial institutions with issues of revolving credit, project, term and other oil and gas loans. Mr. Irish served as chair of the energy group of Thompson & Knight LLP and was its sole Vice President or Managing Partner for over ten years prior to his retirement. Mr. Irish has been named since 1987 in Corporate Law by The Best Lawyers in America and has been included as a Texas Super Lawyer by Texas Monthly in Energy & Natural Resources and Securities & Corporate Finance.

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The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Irish's contributions to the board, determined that his experience in legal matters, finance and over 30 years of representing energy companies provide a significant contribution to the Company's board of directors.

**David B. Miller** became a director in February 2012 as a result of the HALRES Transaction. Mr. Miller currently serves as a Managing Partner of EnCap Investments L.P. From 1988 to 1996, Mr. Miller served as President of PMC Reserve Acquisition Company, a partnership jointly-owned by EnCap and Pitts Energy Group. Prior to the establishment of EnCap, he served as Co-Chief Executive Officer of MAZE Exploration Inc., a Denver-based oil and gas company he co-founded in 1981. Mr. Miller began his professional career with Republic National Bank of Dallas, ultimately serving as Vice President and Manager of the bank's wholly-owned subsidiary, Republic Energy Finance Corporation. Mr. Miller is a graduate of Southern Methodist University, having received Bachelors and Masters Degrees in Business Administration in 1972 and 1973, respectively. In 2004, Mr. Miller was appointed to the National Petroleum Council, an advisory body to the Secretary of Energy, and he is a member of the Board of Advisors of the Maguire Energy Institute. Additionally, he is a member of the Independent Petroleum Association of America, the Texas Independent Producers and Royalty Owners Association and the Western Energy Alliance. Mr. Miller currently serves on the board of trustees for Southern Methodist University and of the board of directors of several EnCap portfolio companies.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Miller's contributions to the board, determined that his experience in upstream and midstream energy investments and energy-related acquisitions and financing provides significant contributions to the Company's board of directors.

**Daniel A. Rioux** became a director in February 2012 as a result of the HALRES Transaction. Mr. Rioux is the current Co-President and Chief Executive Officer of Liberty Energy Holdings, LLC. From 2001 to 2008, Mr. Rioux served as Vice President of Liberty Energy Holdings, LLC, where he managed the company's private equity and direct oil and gas working interest portfolios. From 1993 until 2000, Mr. Rioux was employed by Liberty Energy Corporation, a subsidiary of Liberty Energy Holdings, LLC and currently serves as a director of Axia Energy, LLC, a Denver-based exploration and production company, as well as a manager of Wildcat Midstream Holdings LLC, a company focused on the development, acquisition and operation of gas gathering and midstream oil and gas assets. Mr. Rioux previously served as a director of Petrohawk Energy Corporation from 2004 to 2006 and as a director of Energy Transfer Equity from 2002 to 2006. He also served as a director of the Independent Petroleum Association of America from 2003 to 2011. Mr. Rioux holds a B.S. in Finance from Bryant College and an M.B.A from Babson College.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Rioux's contributions to the board, determined that his experience in energy banking, finance and service as a director of energy companies provide a significant contribution to the Company's board of directors.

**Stephen P. Smiley** became a director in February 2012 as a result of the HALRES Transaction. Mr. Smiley served as a director of Petrohawk Energy Corporation from April 5, 2010 until BHP Billiton acquired Petrohawk in August 2011. Mr. Smiley served on Petrohawk's Audit Committee and the Nominating and Corporate Governance Committee. Upon his retirement from Hunt Private Equity Group in September 2010, Mr. Smiley founded and is the sole partner of Madison Lane Partners, LLC, an advisory and investment company. Mr. Smiley was the Co-founder and had been President of Hunt Private Equity Group, Inc. since 1996. During his time at Hunt Private Equity Group, he raised and managed a private equity fund to invest in leveraged buyouts and growth financings for various middle market companies. At Hunt Private Equity Group he was also responsible for managing relationships with institutional, family and individual investors, and for sourcing, evaluating, financing and managing the portfolio. Mr. Smiley also serves on the board of Signature Financial Management, a registered

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investment adviser where he serves as chair of the Compensation Committee. Before he joined Hunt Private Equity Group, from 1991 to 1995 he co-founded and served as the chief executive officer of Cypress Capital Corporation where he raised and managed a multi-million dollar fund to invest in leveraged buyouts, industry consolidations and growth financings in the middle market. From 1989 to 1991 Mr. Smiley worked in the venture capital group at Citicorp/Citibank, N.A. Mr. Smiley holds a Bachelor of Arts from the University of Virginia and a Master of Business Administration from the College of William and Mary and has 30 years of corporate finance and investing experience and over 20 years of corporate governance experience.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Smiley's contributions to the board, determined that his experience in energy banking, finance and service as a director of other companies provide a significant contribution to the Company's board of directors.

**Michael A. Vlastic** became a director in August 2012 as a result of the GeoResources Merger. Immediately prior to his appointment to the Company's board of directors, Mr. Vlastic had served on the board of directors of GeoResources, Inc. since April 2007. He also served on the board of managers of Southern Bay Energy, LLC from its inception in 2004 until it was acquired by GeoResources in April 2007. He previously was a Director of Texoil, Inc., a company with a class of equity securities registered under the Exchange Act, where he served on its executive committee from 1997 until its sale to Ocean Energy Inc. in 2001. For more than the past nine years he has been Chief Executive Manager of Vlastic Investments L.L.C. He is founder and Chairman of the Board of MAV Development Company. Mr. Vlastic serves on the board of Bessemer Trust Company and some of its affiliates. He is a 1982 graduate of Brown University and holds an MBA from the University of Michigan.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Vlastic's contributions to the board, determined that his industry experience, his previous board experience and his familiarity with the properties acquired from GeoResources provide significant contributions to the Company's board of directors.

**Mark A. Welsh IV** became a director in February 2012 as a result of the HALRES Transaction. Mr. Welsh currently serves as a Director of EnCap Investments L.P. Mr. Welsh has 12 years of experience in private equity, including seven years with EnCap. Prior to joining EnCap, Mr. Welsh served as a financial analyst with The Blackstone Group L.P. and as a Vice President with Adam Corporation. Mr. Welsh received a Bachelor of Business Administration degree in Finance from Texas A&M University, where he was recognized with the Brown-Rudder Award as the outstanding graduate in his class. Mr. Welsh serves on the board of directors of several EnCap portfolio companies.

The Nominating and Corporate Governance Committee, in reviewing and assessing Mr. Welsh contributions to the board, determined that his experience in upstream and midstream energy investments and energy-related acquisitions and financing provides significant contributions to the Company's board of directors.

***Meetings of Our Board of Directors and Committees of the Board***

Our board of directors has the responsibility for establishing our broad corporate policies and for our overall performance. However, the board of directors is not involved in our day-to-day operations. The board of directors is kept informed of our business through discussions with our Chairman and Chief Executive Officer and other officers, by reviewing analyses and reports provided to it on a regular basis, and by participating in board of directors and committee meetings. Our board of directors held 11 meetings during 2012, including telephonic meetings and except for Messrs. Miller, Christmas, Fuller and Rioux, who were unable to attend three meetings, two meetings, three meetings and one meeting, respectively, all directors attended each meeting.

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Our board of directors currently has four standing committees: Audit, Compensation, Nominating and Corporate Governance, and Reserves. Actions taken by our committees are reported to the full board. Each committee conducts an annual evaluation of its duties and is expected to conduct an annual review of its charter. Each committee has authority to retain, set the compensation for, and terminate consultants, outside counsel and other advisers as that committee determines to be appropriate.

**Audit Committee.** Following the HALRES Transaction, the members of our audit committee are: James W. Christmas, James L. Irish III, Stephen P. Smiley, and effective April 1, 2013, Kevin E. Godwin, with Mr. Irish serving as the chairman. Prior to the HALRES Transaction, the members of our audit committee were Sean P. Lane, Gerald R. Marshall and John M. Reardon, with Mr. Marshall acting as chairman. The audit committee met on six occasions during 2012. Our board has determined that all members of our audit committee are financially literate within the meaning of SEC rules, under the current listing standards of the NYSE and in accordance with our audit committee charter. Our board has also determined that all members of the audit committee are independent, within the meaning of SEC and NYSE regulations for independence for audit committee members, under our corporate governance guidelines, and in accordance with our audit committee charter. The board has also determined that Messrs. Christmas and Smiley are "audit committee financial experts" (as defined in the SEC rules) because they each have the following attributes: (i) an understanding of generally accepted accounting principles in the United States of America ("GAAP") and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements; (iv) an understanding of internal control over financial reporting; and (v) an understanding of audit committee functions. Messrs. Christmas and Smiley have acquired these attributes by their educational backgrounds and by having held various positions that provided relevant experience, as described in their biographical information under "Our Board of Directors and its Committees The Board of Directors" above.

The Audit Committee annually considers the qualifications of our independent auditor and selects and engages our independent auditor. The Audit Committee meets quarterly with representatives of the independent auditor and is available to meet at the request of the independent auditor. During these meetings, the Audit Committee receives reports regarding our books of accounts, accounting procedures, financial statements, audit policies and procedures, internal accounting and financial controls, and other matters within the scope of the Audit Committee's duties. The Audit Committee reviews the plans for and the results of audits for us and our subsidiaries. The Audit Committee reviews the independence of the independent auditor, and considers and authorizes the fees for both audit and non-audit services provided by the independent auditor. In 2012, our Audit Committee held six meetings, including telephonic meetings, and except for Mr. Christmas, who was unable to attend one meeting, all of the then current members of our Audit Committee were in attendance at each of these meetings.

The written charter adopted by our Audit Committee is available on our website at [www.halconresources.com](http://www.halconresources.com).

**Compensation Committee.** Following the HALRES Transaction, the members of our Compensation Committee are Tucker S. Bridwell, Daniel A. Rioux, Stephen P. Smiley, and effective April 1, 2013, Michael A. Vlastic, with Mr. Smiley serving as the chairman. Prior to the HALRES Transaction, members of our Compensation Committee during 2012 were Sean P. Lane, Gerald R. Marshall and John M. Reardon, with Mr. Reardon acting as chairman. Mr. Markham also served on the Compensation Committee prior to his resignation from our board of directors in December 2012. Our board of directors has determined that each member of the Compensation Committee meets the

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NYSE standards for independence, and is a "Non-Employee Director" as defined in Rule 16b-3 under the Exchange Act and an "outside director" as defined for purposes of Section 162(m) of the Internal Revenue Code.

The Compensation Committee reviews and approves the compensation of our senior management. The Compensation Committee also administers our 2012 Long-Term Incentive Plan, or Plan, and approves restricted stock awards, SAR awards and other stock-based grants for our senior management and other employees. In 2012, our Compensation Committee held six meetings, including telephonic meetings, and all of the then current members of our Compensation Committee attended each meeting. Our Compensation Committee also took action by written consent one time in 2012 prior to the HALRES Transaction.

Our Compensation Committee engaged Longnecker & Associates, Inc. ("Longnecker"), an outside compensation consulting firm, to assist the board of directors and the Compensation Committee in crafting our total compensation program for our executive officers for 2012 and to assist the board of directors in determining compensation for our directors. In connection with its engagement, Longnecker was tasked with making recommendations to the Compensation Committee regarding an appropriate compensation peer group, assisting the Compensation Committee in establishing a competitive executive compensation program and making recommendations and providing analysis regarding the compensation of senior management, including the named executive officers, discussed below under the heading "Executive Compensation."

On February 27, 2013, the board approved amendments to the charter of the Compensation Committee to conform the provisions of the Charter to newly enacted rules of the NYSE relating to the assessment of independence of Compensation Committee members and compensation consultants engaged by the Compensation Committee, which rules will first go into effect in July 2013, to re-define the term "Executive Officers" to include the Company's chief executive officer, president, chief accounting officer, each executive vice president, and any vice president in charge of reserves or human resources, and to clarify certain other responsibilities of the Compensation Committee. The current version of the written charter adopted by our Compensation Committee is available on our website at [www.halconresources.com](http://www.halconresources.com).

**Nominating and Corporate Governance Committee.** Subsequent to the HALRES Transaction, the members of our Nominating and Corporate Governance Committee are James W. Christmas, Thomas R. Fuller, Daniel A. Rioux and Mark A. Welsh IV, with Mr. Christmas serving as the chairman. Prior to the HALRES Transaction, the members of our Nominating and Corporate Governance Committee were Sean P. Lane, Gerald R. Marshall and John M. Reardon, with Mr. Lane acting as chairman. Our board of directors has determined that all members of the Nominating and Corporate Governance Committee who currently serve are independent pursuant to the NYSE rules and in accordance with our nominating and corporate governance committee charter.

Our Nominating and Corporate Govern